EXHIBIT 6

Valuation Multiples: A Primer

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Valuation Primer Series — Issue 1

- This is the first in a series of primers on fundamental valuation topics such as discounted cash flow, valuation multiples and cost of capital.
- This document explains how to calculate and use multiples commonly used in equity analysis.
- We discuss the differences between equity and enterprise multiples, show how target or 'fair' multiples can be derived from underlying value drivers and discuss the ways multiples can be used in valuation. For each multiple, we show its derivation, discuss its strengths and weaknesses, and suggest appropriate use.

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page

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Section 1 An Introduction to Multiples

This document is intended to be a reference manual for the calculation of commonly used valuation multiples. We explain how multiples are calculated and discuss the different variations that can be employed. We discuss the differences between equity and enterprise multiples, show how target or 'fair' multiples can be derived from underlying value drivers, and discuss the ways multiples can be used in valuation. For each multiple, we show its calculation and derivation from underlying DCF fundamentals, discuss its strengths and weaknesses, and suggest appropriate use.

This document will be maintained online and any changes will be posted to our website at **www.ubswarburg.com/research/gvg**.

What Is a Multiple?

A valuation multiple is simply an expression of market value relative to a key statistic that is assumed to relate to that value. To be useful, that statistic – whether earnings, cash flow or some other measure – must bear a logical relationship to the market value observed; to be seen, in fact, as the driver of that market value.

Two basic types: enterprise and equity multiples

There are two basic types of multiple – enterprise value and equity:

- **Enterprise multiples** express the value of an entire enterprise – the value of all claims on a business – relative to a statistic that relates to the entire enterprise, such as sales or EBIT.

- **Equity multiples**, by contrast, express the value of *shareholders'* claims on the assets and cash flow of the business. An equity multiple therefore expresses the value of this claim relative to a statistic that applies to shareholders only, such as earnings (the residual left after payments to creditors, minority shareholders and other non-equity claimants).

Advantages/Disadvantages of Multiples

Disadvantages. There are a number of criticisms levied against multiples, but in the main these can be summarised as:

- **Simplistic:** A multiple is a distillation of a great deal of information into a single number or series of numbers. By combining many value drivers into a point estimate, multiples may make it difficult to disaggregate the effect of different drivers, such as growth, on value. The danger is that this encourages simplistic – and possibly erroneous – interpretation.

- **Static:** A multiple represents a snapshot of where a firm is at a point in time, but fails to capture the dynamic and ever-evolving nature of business and competition.

- **Difficult to compare:** Multiples are primarily used to make comparisons of relative value. But comparing multiples is an exacting art form, because there are so many reasons that multiples can differ, not all of which relate to true

differences in value. For example, different accounting policies can result in diverging multiples for otherwise identical operating businesses.

Usefulness, simplicity and relevance make multiples a popular valuation tool

Advantages Despite these disadvantages, multiples have several advantages.

- **Usefulness:** Valuation is about judgement, and multiples provide a framework for making value judgements. When used properly, multiples are robust tools that can provide useful information about relative value.

- **Simplicity:** Their very simplicity and ease of calculation makes multiples an appealing and user-friendly method of assessing value. Multiples can help the user avoid the potentially misleading precision of other, more 'precise' approaches such as discounted cash flow valuation or EVA[1], which can create a false sense of comfort.

- **Relevance:** Multiples focus on the key statistics that other investors use. Since investors in aggregate move markets, the most commonly used statistics and multiples will have the most impact.

These factors, and the existence of wide-ranging comparables, help explain the enduring use of multiples by investors despite the rise of other methods.

Table 1: Advantages and Disadvantages of Valuation Multiples

Advantages	Disadvantages
▪ Useful – multiples can be robust tools that provide useful information about relative value ▪ Simple – ease of calculation and wide availability of data make multiples an appealing method for assessing value ▪ Relevant – Multiples are based on key statistics that investors use	▪ Simplistic – combine many value drivers into a point estimate. Difficult to disaggregate the effect of different value drivers ▪ Static – Multiples measure value at a single point in time and do not fully capture the dynamic nature of business and competition ▪ Difficult to compare – Multiples differ for many reasons, not all relating to true differences in value. This can result in misleading 'apples-to-oranges' comparisons among multiples

Source: UBS Warburg

[1] 'Economic Value Added' is a registered trademark of Stern, Stewart & Co.